

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 144 (Delegate Hixson, *et al.*)
 Ways and Means

Libraries - Regional, State, and County - Funding

This bill accelerates scheduled increases to the per capita funding amounts that must be provided to the State Library Resource Center (SLRC), regional resource centers, and county public library systems participating in the State’s library program beginning in fiscal 2018.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: General fund expenditures increase by \$835,200 in FY 2018 due to increases in per capita aid amounts for local public library systems, SLRC, and regional resource centers, as well as associated increases to the Maryland Library for the Blind and Physically Handicapped (LBPH). Future year expenditure increases reflect accelerated per capita aid and population increases. Revenues are not affected. **This bill increases a mandated appropriation.**

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	835,200	1,758,400	2,720,600	3,287,000
Net Effect	\$0	(\$835,200)	(\$1,758,400)	(\$2,720,600)	(\$3,287,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local library system revenues from direct State library aid increase by an estimated \$805,100 in FY 2018 and by \$3.2 million in FY 2021 due to increases in per capita aid amounts and population increases. The required minimum local funding also increases beginning in FY 2018. However, because local governments tend to fund their local libraries well above the minimum required level, local expenditures may not be affected.

Small Business Effect: None.

Analysis

Bill Summary: Per capita State aid for SLRC is increased by \$0.02 in fiscal 2018, peaking with an increase of \$0.08 in fiscal 2021 to \$1.85 per capita, where it remains in subsequent years. Per capita aid for regional resource centers is increased by \$0.20 in fiscal 2018, by \$0.40 in fiscal 2019, and by \$0.60 in each of fiscal 2020 to 2022, reaching \$8.75 by fiscal 2022 and each fiscal year thereafter. Per capita State aid for local public library systems is increased by \$0.19 in fiscal 2018 and by \$0.81 in fiscal 2021 and 2022, reaching \$16.70 in fiscal 2022 and thereafter. All of these per capita aid amounts are scheduled to reach their peaks in fiscal 2025 under current law.

Exhibits 1 and 2 compare per capita State aid under current law and under the bill.

Exhibit 1 Per Capita Resource Center State Aid Increases under Legislation

Fiscal Year	State Library Resource Center				Regional Resource Centers			
	Current Law	Proposed	Diff.	% Diff.	Current Law	Proposed	Diff.	% Diff.
2017	\$1.69	\$1.69	\$0.00		\$7.15	\$7.15	\$0.00	
2018	1.71	1.73	0.02	1.2%	7.35	7.55	0.20	2.7%
2019	1.73	1.77	0.04	2.3%	7.55	7.95	0.40	5.3%
2020	1.75	1.81	0.06	3.4%	7.75	8.35	0.60	7.7%
2021	1.77	1.85	0.08	4.5%	7.95	8.55	0.60	7.5%
2022	1.79	1.85	0.06	3.4%	8.15	8.75	0.60	7.4%
2023	1.81	1.85	0.04	2.2%	8.35	8.75	0.40	4.8%
2024	1.83	1.85	0.02	1.1%	8.55	8.75	0.20	2.3%
2025	1.85	1.85	0.00		8.75	8.75	0.00	

Exhibit 2
Per Capita Local Library State Aid Increases under Legislation

Fiscal Year	Local Library Systems			
	Current Law	Proposed	Diff.	% Diff.
2017	\$14.54	\$14.54	\$0.00	
2018	14.81	15.00	0.19	1.3%
2019	15.08	15.50	0.42	2.8%
2020	15.35	16.00	0.65	4.2%
2021	15.62	16.43	0.81	5.2%
2022	15.89	16.70	0.81	5.1%
2023	16.16	16.70	0.54	3.3%
2024	16.43	16.70	0.27	1.6%
2025	16.70	16.70	0.00	

Current Law/Background:

State Library Network

The State provides funds to libraries designated as resource centers including SLRC in Baltimore City and to regional resource centers, including the Eastern Resource Center in Salisbury, the Southern Resource Center in Charlotte Hall, and the Western Resource Center in Hagerstown. Chapter 397 of 2011 set SLRC funding at \$1.67 per resident for fiscal 2012 through 2016, before a phase-in to \$1.85 in 2019 and in subsequent years. Chapter 489 of 2015 extended the phase-in to fiscal 2025. Under Chapter 500 of 2014, per resident funding for regional resource centers was set to increase to \$7.50 in fiscal 2016 and phase up to \$8.75 per resident by fiscal 2019. However, Chapter 489 of 2015 extended the phase-in of the increase in the per capita funding amount to a 10-year phase-in period beginning with a per resident amount of \$6.95 in fiscal 2016. Under the Governor’s proposed fiscal 2017 State budget, funding for SLRC totals \$10.1 million and for regional resource centers totals \$6.9 million.

Maryland Library for the Blind and Physically Handicapped

LBPH is a statewide library program serving over 8,000 blind, visually impaired, physically disabled, and reading disabled Maryland residents. LBPH is operated by the Maryland State Department of Education, located in Baltimore City, and a component of the National Library Service for the Blind and Physically Handicapped at the Library of Congress. The library is the primary source of books, periodicals, and other information

HB 144/ Page 3

in formats such as Braille, large print, and recorded books. Chapter 498 of 2014 established a minimum State funding amount for LBPH equal to 25% of the general fund appropriation for SLRC beginning in fiscal 2016. Under the Governor's proposed fiscal 2017 State budget, State funding for LBPH totals \$2.6 million.

Minimum Per Capita Library Program

The State provides assistance to public libraries through a formula that determines the State and local shares of a minimum per capita library program. Overall, the State provides 40% of the minimum program, and the counties provide 60%. The State/local share of the minimum program varies by county depending on local wealth. However, no library board may receive less than 20% of the per capita minimum program from the State.

The local share of each library board's minimum per capita program equals the local contribution rate multiplied by local wealth. The local contribution rate is a statewide rate representing the counties' aggregate share of the minimum library program divided by total local wealth. Specifically, the local contribution rate equals the overall local share (60%) multiplied by the per capita program level multiplied by total State population and divided by total State wealth. The State's share of each library board's minimum per capita program equals the local share subtracted from the product of the per capita program and county population. The State pays 100% of the retirement costs for local library employees.

Chapter 397 of 2011 and Chapter 500 of 2014 set the per resident amount at \$14.00 for fiscal 2012 through 2015, phasing up to \$16.70 by fiscal 2019 and in subsequent years. However, under Chapter 489 of 2015, the per capita amount was reduced from \$15.00 to \$14.27 in fiscal 2016 and is fully phased in at \$16.70 in fiscal 2025. Fiscal 2017 State funding for the library aid formula, per the Governor's proposed fiscal 2017 State budget, totals \$36.4 million.

State Expenditures: Exhibits 1 and 2 show the per capita aid increases under the bill. State formula aid to SLRC increases by approximately \$120,300 in fiscal 2018 and, based upon current projections for population growth, by approximately \$491,200 by fiscal 2021. State formula aid to regional resource centers increases by approximately \$192,200 in fiscal 2018 and by \$581,700 by fiscal 2021. State library program aid increases by approximately \$492,600 in fiscal 2018 and by \$2.1 million by fiscal 2021. Thus, State aid increases by approximately \$805,100 in fiscal 2018 and by \$3.2 million in fiscal 2021. Further, funding for LBPH increases by \$30,100 in fiscal 2018 and by \$122,800 in fiscal 2021. Out-year expenditures continue to increase until fiscal 2025, when the per capita amounts are scheduled to reach their peaks under current law. In addition, to the extent that the additional funding is used to hire personnel and otherwise increase the

statewide salary base for local library systems, State retirement expenditures increase beginning in fiscal 2020.

Local Fiscal Effect: State formula aid to regional resource centers increases by approximately \$192,200 in fiscal 2018, including an increase of approximately \$70,100 for the Eastern Resource Center, \$71,700 for the Southern Resource Center, and \$50,300 for the Western Resource Center. By fiscal 2021, State formula aid to regional resource centers increases by approximately \$581,700, including an increase of approximately \$210,800 for the Eastern Resource Center, \$220,800 for the Southern Resource Center, and \$150,200 for the Western Resource Center. Local governments receive library program aid increases totaling approximately \$492,600 in fiscal 2018 and \$2.1 million by fiscal 2021, as shown in **Exhibit 3**.

Exhibit 3
Estimated Increase in State Aid under the Library Aid Formula

County	FY 2018	FY 2019	FY 2020	FY 2021
Allegany	\$9,956	\$21,534	\$33,100	\$40,619
Anne Arundel	30,529	62,414	99,394	120,322
Baltimore City	82,734	181,863	283,339	351,533
Baltimore	76,135	163,086	256,037	316,479
Calvert	5,925	12,415	19,625	23,890
Caroline	3,822	8,289	12,851	15,803
Carroll	12,677	26,332	40,995	49,734
Cecil	10,278	22,194	34,761	42,963
Charles	13,792	29,916	47,688	59,743
Dorchester	3,648	7,906	12,303	15,163
Frederick	19,293	41,596	66,339	82,519
Garrett	1,939	3,941	6,002	6,984
Harford	21,051	45,053	70,805	87,000
Howard	11,929	26,769	42,053	53,705
Kent	1,183	2,402	3,733	4,424
Montgomery	39,587	88,481	138,448	174,435
Prince George's	99,750	220,959	351,587	442,808
Queen Anne's	2,307	4,677	7,456	8,861
St. Mary's	9,276	20,073	31,859	39,516
Somerset	3,598	7,765	11,890	14,542
Talbot	1,421	3,120	4,797	5,937
Washington	16,559	35,899	56,037	69,311
Wicomico	13,250	29,006	45,372	56,622
Worcester	1,967	4,353	6,746	8,419
Total	\$492,606	\$1,070,043	\$1,683,217	\$2,091,332

The increase in the library program per capita amount also increases the required minimum local funding amount under the library program. However, under current law, local governments tend to fund their local libraries well above the minimum required level; thus, no impact on local expenditures is anticipated.

Additional Information

Prior Introductions: None.

Cross File: SB 337 (Senator King, *et al.*) - Budget and Taxation and Education, Health, and Environmental Affairs.

Information Source(s): Maryland State Department of Education, Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - February 3, 2016
min/rhh

Analysis by: Scott P. Gates

Direct Inquiries to:
(410) 946-5510
(301) 970-5510